

## Family firms, political connections, and managerial short-termism

Type: Article

Abstract:

This study investigates the relationship between firms with family ownership and managerial short-termism and how political connections affect this relationship. The final sample of this study is 959 firms year observations of non-financial firms listed on Indonesia Stock Exchange (IDX) between year 2014 to 2016. We find that firms with lower family ownership are more likely to be engaged in short-termism. With the increase of family ownership, family firms better preserve its future well-being and, therefore, are freed from managerial short-termism. Interestingly, we find that political connections moderating the family firms to become short-termism regardless the level of family ownership. These findings imply that the level of family ownership affect the firms's decision on research and development and political connections are able to make family firms to be more short-termism.

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